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Calendar No. 752

99TH CONGRESS
2d Session

SENATE

REPORT
99-350

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GOVERNMENT MANAGEMENT REPORT ACT OF 1986

JULY 31 (legislative day, JULY 28), 1986.—Ordered to be printed

Mr. ROTH, from the Committee on Governmental Affairs,
submitted the following

REPORT

ORIGINAL

[To accompany S. 2004]

The Committee on Governmental Affairs, to which was referred the bill (S. 2004) to require the President to submit to the Congress an annual report on the management of the executive branch of the Government, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

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I. SUMMARY AND PURPOSE

S. 2004 would require the President of the United States to submit an annual report, with his budget, on the major activities undertaken and planned to improve the management of the executive branch of the Government. This report is to include an overview of the general management improvement goals of the President for the previous fiscal year, the current year, and the year for which budget funds are requested; the major management problems and issues; and the major improvement initiatives along with

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an explanation of the initiatives, progress and problems in implementation, and significant impacts on agency program operations.

This information is to be presented within a basic framework of seven management areas: program delivery systems, human resources management, productivity, information resources management, financial management, procurement and grants management, and property management; or any other relevant subject areas the President may choose. The report is also to provide proposals for legislative or other action to improve the management and organization of the executive branch, including proposals to remove statutory impediments to improving management. Finally, the report is to include a summary of each significant new management policy which has been adopted or which has been planned for the current year or the fiscal year for which the budget is requested.

With 90 days after the President submits his report, the Comptroller General is to prepare and transmit an analysis of the report to the Congress. This statement is to contain an evaluation of items in the President's report which the Comptroller General considers to be of particular interest to the Congress, a specification of any issues raised by the report which require further clarification, and an analysis of the extent to which the report complies with the requirements of this Act. The Comptroller General is also given the option of making his own recommendations for improvements of the management or organization of the executive branch, including modification or repeal of statutory impediments to efficient and effective management.

This legislation is necessary to ensure that the Congress is fully and currently informed about Administration plans and activities designed to ensure that our Federal programs are managed effectively and that every taxpayer's dollar is put to its maximum and appropriate use. This report will also serve as the basis for a closer partnership between the legislative and executive branches on efforts to strengthen Government management.

II. BACKGROUND

President Reagan has placed increased emphasis on management issues. In June 1982, he established the President's Private Sector Survey on Cost Control—the Grace Commission—to identify opportunities for increased efficiency and reduced costs, determine areas where managerial accountability can be enhanced and administrative controls improved, and suggest operating improvements.

In September of that year, the President created the Cabinet Council on Management and Administration, the first Cabinet-level White House group devoted specifically to management issues. He also established Reform '88, a comprehensive program to improve, consolidate and streamline the Government's management systems. After three years, according to the Office of Management and Budget (OMB), this program has already resulted in substantial progress in increasing the efficiency of Federal operations, while building the "management systems for the future."

The Congress has also taken an active interest in management reform in recent years through legislation such as the Paperwork

Reduction Act of 1980, the Prompt Payment Act, the Debt Collection Act of 1982, the Federal Managers' Financial Integrity Act, and the Competition in Contracting Act—all of which were reported by the Governmental Affairs Committee.

Two years ago, the Congress mandated in the Deficit Reduction Act of 1984 a report by the President on how he had responded to recommendations made by outside organizations, including the Grace Commission, to improve government management. The report issued by OMB in February 1985 not only addressed the legislative requirement, but also informed the Congress of other improvement efforts being undertaken. A second management report was transmitted to the Congress with the fiscal year 1987 budget last February. It contained the President's first "management message" in which he stated:

The pressing need to reduce the deficit, and hence Federal spending, lends impetus to the pursuit of good management. But even absent the present fiscal difficulties, improved management would be a high priority for this administration. The Constitution is rooted in certain fundamental ideas, among which is the people's right to presume a capable, efficient Federal Government in return for taxes duly paid.

III. LEGISLATIVE HISTORY

Senator Roth introduced S. 2004 on January 22, 1986. The Committee held a hearing on this and several other bills constituting the President's Management Legislative Initiatives on February 26, 1986. Testimony was received from James C. Miller III, Director, OMB, and Charles A. Bowsher, Comptroller General of the United States.

In written comments on S. 2004 filed at the time of the hearing, OMB supported the general concept of an annual management report, but expressed concern about "excessive detail and rigidity." They expressed a preference for a bill that simply establishes a requirement for an annual report without highly detailed or rigid provisions. The Committee responded to these concerns as discussed below in the section on Committee Action and Vote.

Comptroller General Bowsher expressed support for S. 2004. He said the bill "... holds promise for establishing a process to help sustain executive branch commitment and for providing a forum for congressional oversight." He saw the bill as providing a statutory base for the report—a technique which has been helpful in sustaining past management improvement efforts. "Moreover," he testified, "it would ensure that future administrations account for their progress in key areas, such as financial management and human resources development."

In an attachment to his prepared statement, Mr. Bowsher commented on the comprehensiveness of the report, as follows:

To the extent that Congress finds it useful to have all management initiative information consolidated in one report, it should clarify how the report will relate to other reporting requirements. * * * The Congress may want to

establish that the comprehensive management report would satisfy other existing reporting requirements. This would reduce the burden imposed on executive agencies and eliminate any duplicative reporting.

IV. COMMITTEE VIEWS

OMB said in its February 1985 management report, "The Federal system works best when there is a cooperative Executive-Legislative effort to address national concerns in a balanced way. Jointly agreed-upon action has proven to be the strongest and most effective means of implementing change. The need for such joint action applies to management reform, as well as to other activities of the Federal Government." It is in the interest of furthering this partnership on management reform that the Committee has ordered S. 2004 to be reported.

In July 1985, the President forwarded a message to Congress in which he said: "The American people want and deserve a Federal Government that is fair, efficient, effective, and above all, productive." The large budget deficits of recent years have highlighted just how important a statement this is. Government services need to be delivered at the lowest possible cost, but they also need to be delivered as compassionately and effectively as possible. This requires good management—now more than ever. Therefore, this management report should be given as much attention as the President's budget and his economic report.

This report should serve as the basis for annual hearings of the Committee on the state of government management and what is being done to ensure that the Federal Government has the leadership, the systems, and the organization to meet the challenging times ahead.

The management report OMB issued in February 1985 addressed the legislative requirement in the Deficit Reduction Act to report on progress in implementing Grace Commission recommendations and informed the Congress of other improvement efforts being undertaken. This year's report does the same. Now the Congress has a much better picture of the President's management program. OMB plans to continue reporting annually on management at the time the budget is issued, but the Committee has no assurance beyond the agency's promise that this report will be issued in future years, and the Congress has no direct voice in deciding what the report will contain—other than S. 2004.

The Deficit Reduction Act required only a single report. S. 2004 will ensure that Congress will have such a report every year. Moreover, it outlines the specific subjects on which the President would report, including the provision of a summary of major management improvement initiatives and a discussion for each initiative, where feasible and appropriate, of its purpose, the progress and problems in implementation, and the significant and identifiable impacts on agency program operations.

This bill strikes a balance between keeping the reporting requirements as simple and flexible as possible and assuring that the information provided will be useful to Congress in effectively overseeing executive branch management improvement activities. It also

assures that the President's report will cover all management activities and present, insofar as possible, a balanced summary of both the problems and accomplishments in management.

Three years ago, OMB instituted a management review process, parallel to the budget process, wherein OMB officials meet annually with the management staff of each of the 20 or so largest Federal agencies to discuss an agenda of management reforms for the coming year. Following these meetings, the agencies submit management plans for OMB review and approval. These plans then are the blueprints for agency action the following year. The annual hearings triggered by the report required by S. 2004 would not set up so systematic a process, but they would give Congress an opportunity, similar to that exercised by OMB with executive agencies, to ensure that appropriate actions are being taken to see that the Federal Government is managed in the manner the Nation expects and deserves.

V. COMMITTEE ACTION AND VOTE

In its comments on S. 2004, OMB welcomed the opportunity to provide a report on the Administration's initiatives, but expressed concern about the "overly prescriptive" requirements contained in the bill. Following the hearing, the Committee staff met with OMB officials to clarify the nature of these concerns. They requested that the bill be amended to clarify the level of detail required in the President's management report and that certain language be included in the Committee report stating, among other things, that the emphasis would be on government-wide initiatives, although there may be individual agency projects which the President may wish to note in his report.

The Committee adopted an amendment removing the language on page 3 of S. 2004 pertaining to costs, benefits, efficiency improvements, and so forth, and inserted in lieu thereof a requirement that the President submit for each initiative a description of "any significant and identifiable impact of the initiative on agency operations." Such description is to include information on costs, savings, efficiencies, and service delivery improvements only where appropriate. In addition, the section-by-section analysis makes clear that the President need report only on his "major management improvement initiatives" (as currently specified in the bill), not the "detailed report on all Government wide problems and issues" described in OMB's comments on the bill.

OMB officials also expressed a preference for striking the requirement that the Comptroller General prepare and submit to the Congress within 90 days a statement analyzing the President's management report, or alternatively including language in the Committee report urging GAO not to unduly burden OMB with information and documentation requests in order to comply with this requirement.

No change was made in the reporting requirement for the Comptroller General, given the need for an independent analysis of the President's report. The section-by-section analysis contains language urging that GAO minimize its information and documenta-

tion requests on OMB but also states that OMB should be forthcoming in meeting those information needs.

On June 25, 1986, the Committee on Governmental Affairs agreed to report favorably S. 2004, as amended, to the Senate, by unanimous vote of 7 to 0.

YEAS—7

NAYS—0

Roth
Mathias
Durenberger
Rudman
Cochran
Eagleton
Levin

Senators Cohen, Glenn and Gore, not present when the vote occurred, also expressed their approval of the bill.

VI. SECTION-BY-SECTION ANALYSIS

SHORT TITLE

This section provides that this Act may be cited as the "Government Management Report Act of 1986."

SEC. 2—PRESIDENTIAL REPORT

Subsection (a) of section 2 amends chapter 11 of title 31, United States Code, by adding at the end thereof a new section 1115 requiring an annual management report.

A new subsection 1115(a) of title 31 requires the President to submit with his annual budget a report on the management of the executive branch of Government covering the most recently completed fiscal year, the current fiscal year, and the fiscal year for which the budget is submitted.

This report is to include, first, an overview of the general management improvement goals of the President for the executive branch for such fiscal years. OMB issued a report entitled, "Management of the United States Government, Fiscal Year 1987", in February 1986 which contained a message from President Reagan summarizing the results of his Administration's management initiatives under Reform '88 and describing the goals of this program. A similar statement in the report mandated by this section would satisfy this requirement.

Second, the report is to include a summary of the management problems and issues for the executive branch, and the major management improvement initiatives and accomplishments, in the following areas:

- program delivery systems;
- human resources management;
- productivity;
- information resources management;
- financial management;
- procurement and grants management;
- property management; and
- any other relevant subject areas.

This provides a basic framework which will be consistent from year to year for reporting on the major initiatives underway and planned under the auspices of OMB and the other central management agencies. The President is required to describe not only the accomplishments of his management program, but also the problems and concerns this program is designed to address. There may be aspects of such problems outside the scope of the President's program requiring the Congress' attention that should also be covered. For example, the President may wish to call the Congress' attention to the need for a consolidated procurement statute which was recently recommended by the Packard Commission.

The OMB management reports issued in 1985 and 1986 also focused on initiatives under OMB's auspices. Little or no mention was made of government-wide initiatives led by other central agencies, such as the Office of Personnel Management's performance management and position classification initiatives. The human resources management area listed above is intended to provide a vehicle for discussing these other initiatives. Other management areas, such as "property management," provide a vehicle to discuss the problems being addressed and the initiatives undertaken by the General Services Administration.

The Committee intends for the coverage to be comprehensive, but the level of detail to remain about the same as in past management reports. The emphasis should be on major, government-wide initiatives. However, OMB may wish to note selected major projects at individual agencies.

Third, the report is to summarize for each initiative discussed under the requirement above, where feasible and appropriate, the purpose of the initiative, the progress and problems in the implementation of the initiative, and any significant and identifiable impact of the initiative on agency operations.

The Committee seeks information on the additional costs, cost savings, and improvements in efficiency, productivity, or service delivery but only where appropriate. The Congress should know whether these initiatives are cost-effective and are resulting in service delivery improvements. It is understood, however, that some costs and savings cannot be easily quantified and that a cause-and-effect relationship cannot always be shown between a given initiative and a change in outcome of a targeted agency program.

Fourth, the report is to provide proposals for legislative or other action to improve the management and organization of the executive branch, including proposals to remove statutory impediments to improving the management of the executive branch. Examples of such proposals include the Paperwork and Regulatory Simplification Act (S. 2010) and the Congressional Reports Elimination Act (S. 992) forwarded to the Congress last year.

Fifth, the report is to include a summary of each significant new management policy for the executive branch which has been adopted or which is planned for the current fiscal year or the fiscal year for which the budget is submitted, and a discussion of the reasons for such policy. This is intended to provide the Congress with a summary checklist of executive orders and OMB bulletins and circulars involving management subjects being developed or planned,

similar to the regulatory agenda submitted to OMB by executive agencies pursuant to Executive Order 12498.

Subsection 2(b) adds a new subsection (g) to section 719 of title 31 requiring that, within 90 days after the President has submitted his management report, the Comptroller General shall prepare and transmit to the Congress a statement analyzing such report.

The Comptroller General's statement is to contain an evaluation of items in the President's report which he considers to be a particular interest to the Congress, a specification of any issues raised by the report which require further clarification, and an analysis of the extent to which the report complies with the requirements of the new section 1115 of title 31. The Comptroller General is also given the option of making his own recommendations for improvements of the management or organization of the executive branch, including modification or repeal of statutory impediments to efficient and effective management.

This statement will give Congress an independent analysis of the President's report and whether such report complies with the requirements of subsection 2(a) above. The General Accounting Office has conducted a number of executive department-level management reviews in recent years and should be in an excellent position to comment on the President's management improvement agenda. This statement also provides the Comptroller General an opportunity to summarize any work his office has undertaken to evaluate the specific management initiatives discussed in the President's report.

The Committee expects a comprehensive statement from the Comptroller General in response to this section. However, it urges that his office not unduly burden OMB with information and documentation requests in order to comply with this requirement, especially during the weeks immediately prior to completion of the President's budget. Conversely, OMB should cooperate fully with the General Accounting Office in providing information needed to comply with this section.

VII. EVALUATION OF REGULATORY IMPACT

Paragraph II(b) of rule XXVI of the Standing Rules of the Senate requires each report accompanying a bill to evaluate the regulatory and paperwork impact which would be incurred in carrying out the bill.

S. 2004 provides for an annual management report by the President. No new regulations would be promulgated, and no new information requirements would be made on the public. Therefore, the Committee estimates there would be no regulatory or paperwork impact resulting from this legislation.

VIII. ESTIMATED COST OF LEGISLATION

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 15, 1986.

Hon. WILLIAM V. ROTH,
Chairman, Committee on Governmental Affairs, United States
Senate, 340 Dirksen Senate Office Building, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed S. 2004, the Government Management Report Act of 1986, as ordered reported by the Senate Committee on Governmental Affairs, June 25, 1986. Enactment of this bill would result in no significant cost to the federal government and in no cost to state or local governments.

The bill would require the President to submit to the Congress, as part of the annual budget request, a report on the management of the Executive Branch. Because the Office of Management and Budget has already issued management reports as part of the 1986 and 1987 budget requests and indicates that it intends to issue the report as part of future requests, this requirement would not result in additional costs. The bill would also require the Comptroller General to evaluate and analyze the annual report and make recommendations to the Congress for improving the management of the government. Existing staff at the General Accounting Office who already work on management issues would conduct such a review, and no significant additional costs are expected.

If you wish further details on this estimate, we will be pleased to provide them.

With best wishes,
Sincerely,

RUDOLPH G. PENNER, *Director.*

IX. CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in roman):

UNITED STATES CODE

TITLE 31—MONEY AND FINANCE

* * * * *

§ 719. Comptroller General reports

* * * * *

(g) *Within 90 days after the President has submitted a report under section 1115 of this title, the Comptroller General shall prepare and transmit to the Congress a statement analyzing such report. The statement shall include—*

(1) an evaluation of the items contained in such report which the Comptroller General considers to be of particular interest to the Congress;

(2) a specification of any questions or issues raised by such report which the Comptroller General considers to require further clarification;

(3) an analysis of the extent to which such report complies with the requirements of section 1115 of this chapter; and

(4) recommendations, if any, for improvement of the management or organization of the executive branch of the Government, including modification or repeal of statutory impediments to efficient and effective management.

[(g)] (h) When the Comptroller General submits a report to Congress, the Comptroller General shall deliver copies of the report to—

(1) the Committees on Governmental Affairs and Appropriations of the Senate;

(2) the Committees on Government Operations and Appropriations of the House;

(3) a committee of Congress that requested information on any part of a program or activity of a department, agency, or instrumentality of the United States Government (except a mixed-ownership Government Corporation) or the District of Columbia government that is the subject of any part of a report; and

(4) any other committee of Congress requesting a copy.

[(h)] (i)(1) The Comptroller General shall prepare—

(A) each month a list of reports issued during the prior month; and

(B) at least once a year a list of reports issued during the prior 12 months.

(2) A copy of each list shall be sent to each committee of Congress and each member of Congress. On request, the Comptroller General promptly shall provide a copy of the report to a committee or a member.

[(i)] (j) On request of a member of Congress, the Comptroller General shall explain to and discuss with the committee or committee staff a report that would help the committee—

(1) evaluate a program or activity of an agency within the jurisdiction of the committee; or

(2) in its consideration of proposed legislation.

* * * * *

CHAPTER 11—THE BUDGET AND FISCAL, BUDGET, AND PROGRAM INFORMATION

Sec.

1101. Definitions.

1102. Fiscal year.

1103. Budget ceiling.

1104. Budget and appropriations authority of the President.

1105. Budget contents and submission to Congress.

1106. Supplemental budget estimates and changes.

1107. Deficiency and supplemental appropriations.

1108. Preparation and submission of appropriations requests to the President.

- 1109. Current programs and activities estimates.
- 1110. Year-ahead requests for authorizing legislation.
- 1111. Improving economy and efficiency.
- 1112. Fiscal, budget, and program information.
- 1113. Congressional information.
- 1114. Budget information on consulting services.
- 1115. Annual management report.

115. Annual management report

(a) *With each budget of the United States Government submitted under section 1105 of this title, the President shall submit to the Congress a report on the management of the executive branch of the Government with respect to the most recently completed fiscal year, the current fiscal year, and the fiscal year for which the budget is submitted. Each such report shall include—*

(1) *an overview of the general management improvement goals of the President for the executive branch of the government during such fiscal years;*

(2) *a summary of the management problems and issues for the executive branch of the government, and the major management improvement initiatives and accomplishments for the executive branch of the government, involving—*

- (A) *program delivery, systems;*
- (B) *human resources management;*
- (C) *productivity;*
- (D) *information resource management;*
- (E) *financial management;*
- (F) *procurement and grants management;*
- (G) *property management; and*
- (H) *any other relevant subject areas; and*

(3) *for each initiative summarized in paragraph (2), a description, where feasible and appropriate, of—*

- (A) *the purpose of the initiative;*
- (B) *the progress and the problems in the implementation of the initiative; and*
- (C) *any significant and identifiable impact of the initiative on agency operations;*

(4) *proposals for legislation or other action to improve the management or organization of the executive branch of the government, including proposals to remove statutory impediments to the improvement of the management of the executive branch of the government; and*

(5) *a summary of each significant new management policy for the executive of the government which has been adopted or which is planned for the current fiscal year or the fiscal year for which the budget is submitted, and a discussion of the reasons for such policy.*

* * * * *

